

MINORITY REPORT FINDINGS

PART 1 FINDINGS ON FOREIGN INFLUENCE

Chapter 1 Overview and Legal Analysis

- (1) Large contributors to both the Republican and Democratic parties used funds from foreign sources to gain access to top U.S. Government officials.**
- (2) Foreign money comprised only a small fraction of the total contributions made during the 1996 election cycle, and the evidence before the Committee suggests that, with the exception of Republican National Committee Chairman Haley Barbour and Representative Jay Kim, neither party's leaders or candidates intentionally solicited or accepted foreign donations. Nor did the evidence before the Committee suggest that foreign donations altered U.S. policy or damaged American national security.**
- (3) Although detection of foreign-sourced donations is difficult, closer supervision of party fundraisers and a more careful and complete review of large contributions may have prevented some of these contributions from being accepted.**

Chapter 2 The China Plan

In early 1997, news reports appeared alleging that U.S. federal intelligence agencies had discovered an attempt by the government of the People's Republic of China ("Chinese Government") to increase its influence in the U.S. political process. From February through December 1997, the Committee considered these allegations.

The information gathered by the Committee shows that during the 1996 federal election cycle, Chinese Government officials decided to attempt to promote China's interests with the United States Congress, state legislatures and the American public. Following the 1995 congressional resolution advocating that Taiwanese President Lee be permitted to visit the U.S., as well as President Lee's subsequent visit, the Chinese Government determined that Congress and state officials were more influential in foreign policy decisions than the Chinese Government had previously believed. The Chinese Government's efforts have become known in the media as "the China Plan." The Committee's public discussion of the China Plan began on July 8, 1997, when Chairman Thompson opened the first day of public hearings by asserting that the China Plan was "hatched during the last election cycle by the Chinese Government and designed to pour illegal money into American political campaigns." The Chairman explained that the information before the Committee indicated that the Chinese Government had apparently taken legal steps pursuant to the plan, such as hiring lobbying firms, contacting the media and inviting more

Congress members to visit China. He also asserted that “[a]lthough most discussion of the plan focuses on Congress, our investigation suggests it affected the 1996 Presidential race and State elections as well.”

The Chairman’s assertions implied that the non-public information presented to the Committee included evidence that the Chinese Government’s activities had affected, or had some meaningful impact on, the 1996 elections.

Based on the evidence presented to the Committee, the Minority makes the following findings:

- (1) Following the 1995 congressional resolution advocating that Taiwanese President Lee be permitted to visit the U.S. and President Lee’s subsequent visit, Chinese Government officials decided to attempt to increase the Chinese Government’s promotion of its interests with the U.S. Congress, state legislatures and the American public.** These efforts, which became known in the media as “the China Plan,” reflected the Chinese Government’s perception that Congress was more influential in foreign policy decisions than it had previously determined.
- (2) The non-public information presented to the Committee to date does not support the conclusion that the China Plan was aimed at, or affected, the 1996 presidential election.**
- (3) Although some steps were taken to implement the China Plan, the non-public information presented to the Committee to date does not support the conclusion that those steps involved Chinese Government funds going to federal campaigns, either congressional or presidential.** During the Committee’s public investigation, the Committee learned that contributions derived from foreign funds made their way into the 1996 federal election. The non-public information presented to the Committee, however, does not support the conclusion that these contributions were tied to the China Plan, or to Chinese Government officials. The non-public information presented to the Committee does support the conclusion that the China Plan was implemented with a relatively modest sum of money that was spent on lobbying Congress, paying for members of Congress to visit China, and increasing public relations with Chinese Americans.
- (4) The non-public information presented to the Committee raised questions regarding the political activities of one individual investigated by the Committee, Ted Sioeng, but the information available to date was insufficient to support the conclusion that his activities in connection with the political contributions made by his daughter or by his associates in the United States were connected to Chinese Government officials or the China Plan.** For information on Sioeng’s activities explored during the Committee’s

public investigation, see Chapter 7 of this Minority Report.

Chapter 3 The National Policy Forum

One of the most striking examples of foreign money in federal elections involved the National Policy Forum (“NPF”) - Young Brothers Development loan transaction. Republican National Committee (“RNC”) Chairman Haley Barbour used grants and loans from the RNC to create NPF in 1993 (which applied for tax-exempt status under section 501(c)(4) of the U.S. tax code as a social welfare organization). NPF was designed to advance the Republican Party’s agenda. In the hope of finding funds to repay the RNC’s loans, Barbour targeted foreign sources of money. At the request of Barbour, Ambrous Young, a Hong Kong businessman, agreed to post \$2.1 million in collateral, transferred from his Hong Kong business, for a bank loan in the same amount to the NPF. NPF transferred the loan proceeds to the RNC, which used them to help Republican candidates in the 1994 Congressional elections. NPF eventually defaulted on the bank loan. The RNC paid \$1.3 million to Young, but refused to repay the balance, resulting in an \$800,000 benefit of foreign money to the RNC.

Based on the evidence before the Committee, we make the following findings regarding NPF and this transaction:

- (1) RNC Chairman Haley Barbour and the RNC intentionally solicited foreign money for the NPF.**
- (2) The NPF was an arm of the RNC and, as the Internal Revenue Service concluded, was not entitled to tax-exempt status as a social welfare organization under section 501(c)(4) of the U.S. tax code.**
- (3) Barbour solicited Ambrous Young, a foreign national, and Young agreed to provide the collateral for a loan to NPF for the purpose of helping Republican candidates during the 1994 elections.**
- (4) The evidence before the Committee strongly supports the conclusion that Barbour and other RNC officials knew that the money used to collateralize the NPF loan came from Hong Kong. Barbour’s testimony that he did not know about the foreign source of the loan collateral was not credible.**
- (5) As a result of NPF’s default on the loan, the RNC improperly retained \$800,000 in foreign money during the 1996 election cycle.**

Chapter 4 John Huang

John Huang, an American citizen who emigrated from Taiwan in 1969, is a former Lippo Group executive, Commerce Department official, and Democratic National Committee (“DNC”)

fundraiser. Huang engaged in a number of activities that were improper and possibly illegal during and prior to his tenure at the DNC. In the end, the DNC returned over \$1.7 million of the almost \$3.5 million in contributions attributable to Huang. The Committee investigated whether Huang engaged in improper fundraising activities. In addition, the Committee examined allegations that Huang acted as an agent for a foreign government or entity.

Based on the evidence before the Committee, we make the following findings regarding Huang's activities:

(1) John Huang engaged in a number of improper and possibly illegal activities during and prior to his service as a DNC fundraiser. These activities ranged from failing to ensure the legality or propriety of the contributions he solicited, to obtaining foreign reimbursement for a 1992 corporate contribution he directed, to possibly soliciting foreign contributions. In addition, he appears to have improperly solicited several contributions during his tenure at the Commerce Department, in possible violation of the Hatch Act.

(2) There is no evidence before the Committee that DNC officials were knowingly involved in Huang's misdeeds, but the DNC did not adequately supervise Huang's fundraising, did not adequately review the contributions that Huang solicited, and did not respond appropriately to warning signs of his improper activities. The DNC could have avoided some of Huang's misdeeds had it more closely supervised Huang's activities and had it not unwisely abandoned its previously-existing system for checking the propriety of large contributions.

(3) Huang contributed and raised substantial sums of money to benefit the DNC in order to gain access for himself and his associates to the White House and senior Administration officials.

(4) The evidence before the Committee does not establish that Huang served as a spy or a conduit for contributions from any foreign government, including the People's Republic of China. The Committee's investigation yielded no direct support for the allegation that Huang acted as either a spy or a conduit for any foreign government.

(5) The evidence before the Committee does not establish that Huang either misused his security clearance or improperly disseminated classified information during his service at the Commerce Department.

(6) The evidence before the Committee does not allow for any definitive conclusion regarding the nature of Huang's interactions with the Lippo Group during his tenure at the Commerce Department and the DNC. Huang's frequent contacts with Lippo-related entities and his intermittent use of an office across the street

from the Commerce Department to receive faxes or mail cast suspicion on Huang's activities while working for the Commerce Department. Nevertheless, the absence of specific evidence on the nature of his contacts with Lippo or the contents of the materials he received makes it difficult to draw any conclusions regarding actual misconduct or a conflict of interest within the meaning of the ethics laws governing federal employees.

(7) Neither Huang's hiring at the Commerce Department nor his receipt of a security clearance was inappropriate. At the time of Huang's hiring, all Commerce Department political appointees received interim clearances as a matter of course, a practice the Department subsequently discontinued.

Chapter 5 Charlie Trie

Yah Lin "Charlie" Trie, an American citizen who emigrated from Taiwan in 1974, raised and contributed substantial sums of money to benefit the Democratic National Committee ("DNC") and raised funds for the Presidential Legal Expense Trust ("PLET") during the 1996 election cycle. Trie, who owned a restaurant in Arkansas and became a friend of then-Governor Clinton, opened a Washington, D.C.-based import-export company in 1992, apparently to take advantage of his relationship with the President-elect. He and his business associates had frequent access to the White House. In April 1996, President Clinton appointed Trie to the Commission on United States-Pacific Trade and Investment Policy. Trie's international business dealings with Ng Lap Seng (also known as Wu), a wealthy Macao businessman, raised questions about the source of Trie's contributions.

Based on the evidence before the Committee, we make the following findings regarding Trie's activities:

(1) Charlie Trie contributed and raised substantial sums of money to benefit the DNC in order to gain access for himself and his associates to the White House and senior Administration officials.

(2) Trie and his businesses received substantial sums of money from abroad and used these funds to pay for some or all of the \$220,000 in contributions that Trie, his family and businesses made to the DNC. The evidence before the Committee suggests that some of the contributions may have been illegal, and, in fact, Trie was recently indicted with respect to some of these contributions. Trie has pleaded not guilty. The DNC returned all \$220,000.

(3) Trie and Wu used individuals who were legally permitted to make campaign contributions as conduits to make contributions to the DNC, in apparent violation of law.

(4) There is no evidence before the Committee that any DNC officials were knowingly involved in Trie's misdeeds, but the DNC did not adequately review the

source of Trie's contributions and did not respond appropriately to warning signs of his improper activities.

(5) The evidence before the Committee does not establish that the government of the People's Republic of China provided money to Trie or directed Trie's actions.

(6) The Presidential Legal Expense Trust, a private trust not involved in campaigns, acted prudently and responsibly in its dealings with Trie.

(7) There is no evidence before the Committee that Trie, Wu, or anyone associated with them had any influence or effect on U.S. domestic or foreign policy.

Chapter 6 Michael Kojima

Michael Kojima, a Japanese-born American citizen, first gained public notice as a "deadbeat dad" who failed to pay child support but gave \$500,000 to the Republican Party to sit with President Bush at a fundraising dinner in 1992. This contribution, which the evidence before the Committee strongly suggests Kojima paid for with funds obtained from Japanese businessmen, appears to be the second largest source of foreign money for either party during the 1990s -- surpassed only by the \$800,000 obtained by the RNC from a Hong Kong corporation through the National Policy Forum.

Kojima's story has since gained importance as an example of a little-known contributor whose large contribution should have been investigated before being accepted and should have been returned when evidence emerged that it was from foreign sources. Kojima's dealings with the Republican Party and the Bush Administration provide a context for understanding how many of the events on which the Committee focused its attention had precedent in previous campaigns and Administrations. The Kojima matter illustrates that the receipt of large foreign contributions, the provision of special access to large contributors, and the use of the White House for fundraising purposes are neither unprecedented practices nor confined to one party.

Based on the evidence before the Committee, we make the following findings with respect to Kojima's activities:

(1) **Michael Kojima contributed substantial sums to the Republican Party in order to gain access for himself and his associates to President Bush and Bush Administration officials and the help of U.S. embassies abroad.** With the help of a Republican fundraising organization, the Presidential Roundtable, and because of his status as a contributor, Kojima obtained access to U.S. embassy and foreign officials to advance his private business interests.

(2) **Kojima's \$500,000 contribution to the Republican Party appears to have been derived from foreign funds.** As a result of his substantial contributions, Kojima was able to bring ten Japanese nationals with him to a 1992 dinner with President Bush.

According to some of those foreign nationals, they provided Kojima with significant sums of money for the express purpose of facilitating their attendance at the dinner.

(3) The RNC has improperly retained \$215,000 in apparent foreign funds contributed by Kojima.

(4) The Republican Party failed to conduct an adequate investigation of Kojima even when it had information that the source of the funds was questionable.

Chapter 7 Ted Sioeng

Ted Sioeng, an Indonesian-born businessman who is not a U.S. citizen or a legal resident, and other members of the Sioeng family contributed to both Republican and Democratic organizations during the 1990s. Sioeng has longstanding relationships with business interests in the People's Republic of China ("PRC") and owns a pro-PRC newspaper in California. The evidence before the Committee paints a disturbing picture of fundraisers from both political parties courting an individual (Sioeng) who, because of his status as a foreign national, had no ability to make or direct legal contributions under U.S. election laws.

Based on the evidence before the Committee, we make the following findings with respect to political contributions from Sioeng and related persons:

(1) The evidence before the Committee strongly suggests that Ted Sioeng, a foreign national, was directly or indirectly involved in a number of contributions to Democrats and Republicans.

(2) Matt Fong, California State Treasurer, did not exercise appropriate diligence in personally soliciting and receiving \$100,000 in contributions from Sioeng and helping solicit a \$50,000 contribution to NPF from a Sioeng-owned company. Fong has since returned the \$100,000 he received; NPF has reportedly returned the \$50,000 it received.

(3) The evidence before the Committee does not allow for any conclusion as to whether Sioeng served as a conduit for contributions from any foreign government, including the Government of China.

(4) Sioeng's contributions enabled Sioeng and his associates to gain access to senior figures in both the Democratic and Republican parties, including President Clinton, Vice President Gore, and House Speaker Gingrich.

Chapter 8 Jay Kim

In July 1997, Representative Jay Kim (R-Ca.) and his wife, June Kim, pled guilty to numerous violations of federal campaign finance laws arising out of his 1992 and 1994 campaigns. The

violations were part of a scheme which funneled over \$230,000 in illegal corporate funds, some of which were directed by Korean nationals, into Kim's campaigns. Five corporations pled guilty to making illegal contributions, and Kim's campaign treasurer, Seokuk Ma, was convicted of soliciting and accepting illegal contributions. Some of these violations occurred well after the Kims became aware that they were targets of a federal investigation.

Based on the evidence before the Committee, we make the following findings regarding activities by the Kims:

(1) The Kims appear to have continued some of the same troubling practices during the 1996 election cycle that laid the foundation for the criminal misconduct in the prior two election cycles, including using a campaign treasurer with no knowledge of federal election law and instructing the treasurer to sign blank checks and blank Federal Election Commission forms.

(2) The evidence before the Committee suggests that June Kim's recently-disclosed book deal with a South Korean publishing company may be an attempt to inappropriately channel foreign money to the Kims.

PART 2 FINDINGS ON INDEPENDENT GROUPS

Chapter 9 Overview and Legal Analysis

(1) Independent groups, including tax-exempt organizations, corporations and unions, spent large sums of money to influence the public's perception of federal candidates and campaigns and the outcome of certain elections in 1996.

(2) During the 1996 election cycle, tax-exempt organizations spent tens of millions of dollars on behalf of Republican and Democratic candidates under the guise of issue advocacy, in violation of the spirit and possibly the letter of the tax code and election laws. Despite their election-related activity, none of these organizations registered with or disclosed their activities to the FEC. Moreover, because of restrictions in the tax code with respect to such tax-exempt organizations, these organizations may have violated their tax status.

(3) Although many groups conduct activities that influence the public's perception of federal candidates and campaigns, they either are not required, or do not, register with or disclose their activities with the FEC.

Chapter 10 The Republican Party and Independent Groups

The Republican National Committee ("RNC") used tax-exempt organizations for partisan political purposes during the 1996 election cycle. The RNC channeled over \$5 million -- directly

from party coffers -- to organizations supposedly independent from the Republican Party, and collected and delivered significant additional sums from third parties to these groups. Some of these organizations then used the funds to help Republican candidates win election; two were actually founded and controlled by RNC officials. Other tax-exempt organizations served as conduits for Republican donors who used the organizations to conceal their identities and evade federal ceilings on campaign contributions.

Based on the evidence before the Committee, we make the following findings with respect to the Republican network of independent organizations:

- (1) The Republican Party financed and participated in election-related activities by tax-exempt organizations, in part to evade the limits of federal election laws and to use the organizations as surrogates for delivering the Republican Party's message.**
- (2) The RNC directly funded, for purposes that benefited the Republican Party, a number of tax-exempt organizations that were supposed to operate in a non-partisan manner.**
- (3) The RNC also solicited, collected and delivered third-party funds to tax-exempt organizations for election-related activities to benefit the Republican Party.**
- (4) The RNC instructed and helped Republican candidates to coordinate their campaign activities with independent groups.**

Chapter 11 Americans for Tax Reform

Despite a commitment to nonpartisanship in its incorporation papers, ATR engaged in a variety of partisan activities on behalf of the Republican Party during the 1996 election cycle. For example, ATR accepted \$4.6 million in soft dollars from the Republican National Committee ("RNC") and spent them on election-related efforts coordinated with the RNC. ATR acted as an arm of the RNC in promoting the Republican agenda and Republican candidates, while shielding itself and its contributors from the accountability required of campaign organizations. Although ATR's refusal to comply with Committee document and deposition subpoenas has kept the Committee from learning the full extent of ATR's involvement with the RNC in the 1996 elections, the evidence before the Committee strongly suggests coordinated campaign efforts between the RNC and ATR that appear to have circumvented hard and soft money restrictions, evaded disclosure requirements and abused ATR's tax-exempt status.

Based on the evidence before the Committee, we make the following findings with respect to ATR's activities:

- (1) The Republican National Committee improperly and possibly illegally gave**

\$4.6 million to Americans for Tax Reform to fund issue advocacy efforts including mail, phone calls, and televised ads. By using ATR as the nominal sponsor of issue advocacy efforts, the RNC effectively circumvented FEC disclosure requirements and the requirement to fund 65% of the cost of its issue advocacy with hard (restricted) money.

(2) By operating as a partisan political organization on behalf of the Republican Party, Americans for Tax Reform appears to have violated its status as a tax-exempt, social welfare organization under section 501(c)(4) of the tax code.

(3) ATR's issue advocacy activity was conducted, in part, by an affiliate called the Americans for Tax Reform Foundation, which appears to be a violation of the foundation's status as a 501(c)(3) charitable organization, contributions to which are tax deductible.

Chapter 12 Triad and Related Organizations

Triad Management Services, Inc. is a for-profit corporation owned by Republican fundraiser Carolyn Malenick. Malenick incorporated Triad in the spring of 1996, but appears to have operated the business as an unincorporated entity since at least early 1995. Triad holds itself out as a consulting business that provides advice to conservative donors about how to maximize their political contributions. Triad oversaw advertising in 26 campaigns for the House of Representatives and three Senate races. Triad also advised at least 53 Republican candidates on ways to improve their campaigns. Despite Triad's refusal to fully comply with the Committee's subpoenas for both documents and testimony, substantial evidence of wrongdoing by Triad was developed by the Minority.

Based on the evidence before the Committee, we make the following findings with respect to the activities of Triad and two non-profit organizations which it established:

(1) The evidence before the Committee suggests that Triad exists for the sole purpose of influencing federal elections. Triad is not a political consulting business: it issues no invoices, charges no fees, and makes no profit. It is a corporate shell funded by a few wealthy conservative Republican activists.

(2) Triad used a variety of improper and possibly illegal tactics to help Republican candidates win election in 1996 including the following:

(A) Triad provided free services to Republican campaigns in possible violation of the federal prohibition against direct corporate contributions to candidates. These services included raising funds for candidates, providing consulting advice on fundraising and political strategy, and providing staff to assist candidates.

(B) The evidence before the Committee suggests that Triad was involved in a scheme to direct funds from supporters who could not legally give more money directly to candidates, through political action committees (“PACs”), and back to candidates. Triad obtained from Republican candidates names of supporters who had already made the maximum permissible contributions and solicited those supporters for contributions to a network of conservative PACs. In many instances, the PACs then made contributions to the same candidates.

(C) Triad operated two non-profit organizations -- Citizens for Reform and Citizens for the Republic Education Fund -- as allegedly nonpartisan social welfare organizations under 501(c)(4) of the tax code and used these organizations to broadcast over \$3 million in televised ads on behalf of Republican candidates in 29 House and Senate races. Using these organizations as the named sponsors of the ads provided the appearance of nonpartisan sponsorship of what was in fact a partisan effort conducted by Triad. Neither organization has a staff or an office, and both are controlled by Triad. Over half of the advertising campaign was paid for and controlled by the Economic Education Trust, an organization which appears to be financed by a small number of conservative Republicans.

Chapter 13 Coalition for Our Children’s Future

Coalition for Our Children’s Future (“CCF”) is a tax-exempt organization under section 501(c)(4) of the tax code. Between its creation in mid-1995 and the November 1996 election, CCF spent over \$5 million on advertising in targeted Congressional districts.

Based on the evidence before the Committee, we make the following findings with respect to CCF’s activities:

(1) Haley Barbour and others associated with the RNC created Coalition for Our Children’s Future (“CCF”) as a purportedly nonpartisan, tax-exempt social welfare organization under 501(c)(4) of the tax code and used CCF to carry out issue advocacy campaigns on behalf of Republican candidates and against Democratic candidates in 1995 and the first part of 1996.

(2) The evidence before the Committee suggests that several Republican candidates solicited contributions for CCF from their own supporters and coordinated with CCF to secure issue ads that they believed would help their candidacy.

(3) The evidence before the Committee suggests that in October 1996, CCF funded televised ads attacking Democratic candidates with money donated by a

contributor who obtained a confidentiality agreement and oversaw development of the ads. Based on the evidence before the Committee, it is likely that this contributor was the Economic Education Trust, the same entity that funded and perhaps controlled the development and placement of ads through two tax-exempt organizations operated by Triad.

Chapter 14 Christian Coalition

The Christian Coalition was founded by Reverend Marion G. (“Pat”) Robertson, a former Republican candidate for president, with \$64,000 in seed money from the National Republican Senatorial Committee (“NRSC”). Its longtime executive director was Ralph Reed, a Republican activist. In spite of Reed’s extensive Republican political experience, Robertson’s ties to the Republican Party, and the infusion of start-up funds from the NRSC, the Christian Coalition applied for tax-exempt status as a nonpartisan social welfare organization under section 501(c)(4) of the tax code. The application has been pending and unapproved for over seven years. In 1996 the Federal Election Commission (“FEC”) brought suit in federal court against the Coalition for allegedly coordinating election-related activities with Republican candidates during the 1990, 1992, and 1994 election cycles. Despite the Christian Coalition’s refusal to respond to the Committee’s subpoena, the Minority was able to develop information about the Coalition’s election-related activities.

Based on the evidence before the Committee, we make the following finding with respect to the Christian Coalition’s activities:

Although the Christian Coalition has applied for status as a 501(c)(4) organization and claims to be a nonpartisan, social welfare organization, the evidence before the Committee suggests that the Christian Coalition is a partisan political organization operating in support of Republican Party candidates. The evidence of partisan activity includes: spending at least \$22 million on the 1996 elections; working to distribute 45 million voter guides manipulated to favor Republican candidates; and endorsing Republican candidates at organization meetings.

Chapter 16 The Democratic Party and Independent Groups

In 1996, the Democratic National Committee (“DNC”) contributed approximately \$185,000 to five independent, tax-exempt organizations, most of which were involved in voter registration activities. In addition, Democratic Party officials directed contributions to some of these organizations. Independent groups associated with Democratic issues also spent millions of dollars on issue ads, direct mail, and related organizing activities largely benefiting Democratic candidates.

Based on the evidence before the Committee, we make the following findings with respect to the Democratic Party and its activities involving independent organizations :

(1) During the 1996 election cycle, several independent groups spent millions of dollars to promote Democratic issues and possibly Democratic candidates through issue advocacy, and voter education and registration.

(2) The evidence before the Committee, however, suggests that the Democratic Party did not play a central role in financing, or coordinating with, these groups.

Chapter 17 Warren Meddoff

Shortly before the 1996 election, Florida businessman Warren Meddoff approached President Clinton at a Florida fundraiser concerning a possible \$5 million donation to the President's campaign from Meddoff's associate. Subsequently contacted by Harold Ickes, White House Deputy Chief of Staff, Meddoff told Ickes that his associate wanted to make at least some of his contributions tax deductible. Ickes prepared a memo suggesting some possible tax-exempt and tax deductible recipients. After sending the memo to Meddoff, Ickes received word that a DNC background check of Meddoff and his associate raised serious questions and that it would be better for the DNC to decline Meddoff's offer of contributions. Ickes and Meddoff dispute what happened next. Meddoff testified that Ickes told him to "shred" the memo; Ickes testified that he merely told Meddoff that the memo "was inoperative."

Based on the evidence before the Committee, we make the following findings regarding these events:

(1) There is no evidence before the Committee suggesting that Harold Ickes or any DNC official acted illegally in their dealings with Warren Meddoff. Current law does not prohibit a federal government employee or party official from directing contributions to tax-exempt organizations.

(2) It would have been more prudent, as Ickes himself testified, for Ickes to have immediately referred Meddoff to the DNC. Meddoff sought suggestions on how to make a tax-deductible contribution that would help President Clinton's campaign. The Committee does not have sufficient evidence to determine whether the organizations recommended by Ickes were actually engaged in any partisan political activities. Ickes's opinion that a contribution to such groups would benefit the President's campaign does not establish that these organizations were engaged in any activities that would have been inconsistent with their tax-exempt status.

(3) The DNC acted appropriately by checking the backgrounds of Meddoff and his associate and ultimately refusing their proposed contribution.

(4) Meddoff is not a credible witness. His explanation to the Committee of two past proposals on behalf of two different persons to contribute \$5 million to the Republican Party in one case and the Democratic Party in the other case; his admission of involvement in conduct that appears to be an attempt to bribe a federal official; his apparent threats to his former employer and a DNC fundraiser; and the fact that he never met the person on

whose behalf he was allegedly making a \$5 million contribution to help President Clinton, cast significant doubt on his credibility.

Chapter 18 Teamsters

During the reelection campaign of International Brotherhood of Teamsters President Ron Carey, consultants working for Carey's campaign launched a "contribution-swapping" scheme to help raise money for their campaign. As these fundraisers have acknowledged in court proceedings, they illegally asked a number of groups to donate money to Carey's campaign in exchange for donations to those groups from the Teamsters union funds. As a small part of this scheme, one of these consultants, Martin Davis, sought the help of DNC officials in locating donors willing to give money to Carey's campaign and promised greater Teamsters donations to Democratic party organizations in return. Evidence before the Committee suggests that DNC officials took little action in response to this request but that they did make an ultimately unsuccessful effort at directing to the Carey campaign the donation of an individual who sought to donate to the DNC, but whose foreign citizenship made her ineligible to make that donation.

Based on the evidence before the Committee, we make the following findings regarding these events:

- (1) The evidence before the Committee indicates that the DNC's efforts at finding a donor for the Carey campaign were limited to exploring the legality of a possible donation from one individual to the Carey campaign, but that donation did not ultimately occur because the potential donor was not eligible, under labor laws and Teamsters' rules, to contribute to the Carey campaign.**
- (2) Nevertheless, Martin Davis's comments to DNC officials should have led them to suspect that Davis was improperly seeking to influence the use of Teamsters funds to benefit the Carey campaign. DNC officials should have immediately refused to take any action in response to Davis's request.**

Chapter 19: The Democratic Party and Other Independent Groups

During the 1996 federal election cycle, there were allegations that ostensibly independent, tax-exempt groups engaged in improper or illegal partisan political activity. The alleged activity ranged from broadcasting issue ads that in reality were candidate ads, to closely coordinating with one of the national political parties. Unfortunately, the vast majority of allegations against independent groups remain unexplored by the Committee because subpoenas issued to most of these groups were not complied with or enforced. Despite these and other limitations, allegations regarding groups traditionally associated with the Republican Party are addressed in Chapters 10-15. Allegations regarding groups traditionally associated with the Democratic Party, and including those that were explored in public hearings, are addressed in Chapters 17-18. This chapter addresses, to the extent possible based on evidence submitted to the Committee, allegations regarding certain other groups traditionally associated with the Democratic Party.

Based on the evidence before the Committee, we make the following findings regarding these allegations:

(1) During the 1996 election cycle, several independent groups spent millions of dollars to promote Democratic issues and possibly Democratic candidates through “issue advocacy,” voter education and voter registration.

(2) The Committee, however, uncovered no evidence that the Democratic Party played a central role in contributing to, or coordinating with, these groups. The Democratic National Committee contributed only \$185,000 to such groups in 1996, compared to over \$5 million the Republican National Committee contributed to conservative groups in the last half of 1996 alone.

PART 3 FINDINGS ON CONTRIBUTION LAUNDERING/THIRD PARTY TRANSFERS

Chapter 20 Overview and Legal Analysis

The Federal Election Campaign Act (“FECA”) provides that “no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person.” 2 U.S.C. § 441f. This prohibition serves two purposes. (1) It helps guarantee that persons and entities otherwise prohibited from making political contributions cannot evade those restrictions by making donations using other peoples’ names. (2) It ensures that no one seeking to influence elections with their money can circumvent the election laws’ requirement of contributions limits and full public disclosure by offering their money in someone else’s name rather than their own. The Committee’s investigation examined a number of individuals alleged to have engaged in activities that violated this prohibition.

A number of individuals in both the Republican and Democratic parties made contributions to candidates for federal office and political parties through persons who were eligible to contribute, in apparent violation of the Federal Election Campaign Act.

Chapter 21 Contributions to the Democratic Party

The Committee examined a number of allegations of contributions to the DNC that were “laundered” or made in the name of persons who were not the real source of the contributions.

Based on the evidence before the Committee, we make the following findings regarding these contributions, all of which have been returned by the DNC:

(1) The evidence before the Committee shows that a number of individuals made contributions to the DNC or Democratic organizations in the name of others. Some of these were hard (restricted) money contributions, in which case they may be improper or illegal; some of these were soft (unrestricted) money contributions, in which case they may be technically legal, but result in inaccurate contribution records at the FEC. Among those whose activities the Committee investigated are:

(A) Charlie Trie/Ng Lap Seng (“Wu”): Trie and Wu used Keshi Zahn to arrange to have two legal permanent residents, Yue Chu and Xiping Wang, contribute \$28,000 in hard (restricted) money to Democratic campaign organizations and reimbursed them. There is no evidence before the Committee to suggest that either Chu or Wang understood that their actions potentially violated campaign finance laws. Trie and Wu also used Zahn to make a \$12,500 hard (restricted) money contribution to the DNC.

(B) Pauline Kanchanalak: Kanchanalak used her mother-in-law’s money to fund \$253,500 in contributions to the DNC, \$26,000 of which was hard (restricted) money. Although both Pauline Kanchanalak and her mother-in-law Praitun Kanchanalak were legal permanent residents of the U.S. and each, therefore, lawfully could make contributions in her own name, the \$26,000 contribution of her mother-in-law’s money in Kanchanalak’s name appears to violate Section 441f.

(C) Yogesh Gandhi: Gandhi, a legal permanent resident, appears to have used an associate’s foreign-source money to fund a \$325,000 contribution in soft (unrestricted) money in connection with a DNC fundraiser. Gandhi’s bank records reveal that he would not have been able to make that contribution without significant wire transfers from Yoshio Tanaka, a Japanese national who attended a DNC fundraiser with Gandhi. Evidence before the Committee supports the conclusion that Tanaka transferred the money to fund Gandhi’s contribution.

(D) Arief and Soraya Wiriadinata: The Wiriadinatas, at one time legal permanent residents, made contributions of over \$425,000 to the DNC, \$20,000 of which appears to be hard (restricted) money contributions. The contributions were made in checks drawn on bank accounts funded with overseas transfers from Soraya Wiriadinata’s father. In light of representations from Soraya Wiriadinata that her father transferred Soraya’s own money, the evidence before the Committee does not establish that the \$20,000 in hard money contributions came from

another.

(2) The evidence before the Committee does not support a finding that any DNC official knowingly solicited or accepted contributions given in the name of another.

Hsi Lai Temple Event

On April 29, 1996, Vice President Gore attended a DNC-sponsored and John Huang-organized event at the Hsi Lai Temple in Hacienda Heights, California. Vice President Gore's briefing papers for the event described it as an outreach event with members of the Asian-American community, but much controversy has arisen regarding allegations that the DNC improperly used a religious institution to host a fundraising event and that the Temple funneled money through its monastics to the DNC.

Based on the evidence before the Committee, we make the following findings regarding the event at the Hsi Lai Temple:

(3) From the perspective of Vice President Gore and DNC officials, the Hsi Lai Temple event was not a fundraiser. There is no evidence before the Committee that Vice President Gore knew that contributions were solicited or received in relation to the Temple event. The information received by the Vice President regarding the event described it as an opportunity for the Vice President to meet with members of the local Asian-American community. John Huang assured DNC Finance Director Richard Sullivan that the event was not a fundraiser, but instead would involve community outreach. Moreover, the event had none of the features of a fundraiser: no tickets were taken or sold at the door; the speakers did not solicit donations; and most of those who attended did not contribute to the DNC.

(4) John Huang and Maria Hsia used Vice President Gore's appearance at the Temple to raise money for the DNC. Although the event itself was not a fundraiser, Huang and Hsia, unbeknownst to DNC officials or the Vice President, used it as an opportunity to raise money for the DNC. Both before and after the event, they suggested to Temple officials that they collect contributions in connection with the Temple event. Their efforts eventually yielded \$65,000 in contributions from persons associated with the Temple.

(5) There is no evidence before the Committee to suggest that the money donated in connection with the Hsi Lai Temple event was foreign in origin.

(6) Many of the donations made in connection with the Hsi Lai Temple event appear to have violated federal campaign laws prohibiting contributions in the

name of another. The Temple reimbursed the monastic donors for their contributions. There is evidence to suggest that most of those writing the checks did not understand that they were potentially violating federal election law. Nevertheless, there appears to be little doubt that most, if not all, wrote the checks to the DNC only because the Temple asked them to do so and with the understanding that they would not fund the contributions themselves.

(7) There is no evidence before the Committee that any DNC official knew that contributions made by Hsi Lai Temple monastics were of questionable legality.

Chapter 22 Contributions to the Republican Party

The Committee refused to devote sufficient resources, despite repeated requests to do so by the Minority, to investigating allegations of laundered contributions to the Republican Party, including the Dole for President campaign, RNC, and other Republican organizations. The Committee took testimony at one of the Minority's three days of hearings on the laundering scheme of Simon Fireman, a national vice chairman of the Dole for President finance committee, and had evidence with respect to other cases of proven and alleged laundered contributions to Republican organizations.

Based on the evidence before the Committee, we make the following findings regarding these contributions to the Republican Party all of which have been returned:

(1) Simon Fireman, a national vice chairman of the Dole for President campaign, used his company, Aqua Leisure Industries, Inc., to reimburse contributions to several Republican Party organizations made in the name of employees of Aqua Leisure. Over \$100,000 in contributions made by employees of Aqua Leisure to the Bush-Quayle campaign, the RNC, and the Dole for President campaign were actually corporate contributions from Aqua Leisure. Fireman was convicted for his offenses.

(2) Empire Sanitary Landfill, Inc. reimbursed its employees for over \$110,000 in contributions the employees made to the Dole for President campaign and other Republican campaigns. Empire was convicted for its offenses.

(3) DeLuca Liquor & Wine, Ltd. reimbursed five of its employees for \$10,000 in contributions the employees and their spouses made to the Dole for President campaign.

(4) There is no evidence before the Committee that anyone in the Dole for President campaign, the Bush-Quayle campaign or the RNC, other than Simon Fireman, knew about the above activities.

PART 4 FINDINGS ON SOFT MONEY AND ISSUE ADVOCACY

Chapter 23 Systemic Problems of the Campaign Finance System

The Committee's investigation into campaign financing during the 1996 election cycle exposed a system in crisis, with the worst problems stemming not from activities that are illegal under current law, but from those that are legal. The massive use of soft, or unrestricted, money is a relatively new phenomenon in the campaign financing system. Since 1988 it has become the crux of many of the problems examined by the Committee, including the offers of access for large contributions and the use of party-run issue ads on behalf of candidates.

Based on the evidence before the Committee, we make the following findings with respect to the role of soft money and issue advocacy in the 1996 elections:

- (1) The most insidious problem with the campaign finance system involved soft (unrestricted) money raised by both parties.** The soft money loophole, though legal, led to a meltdown of the campaign finance system that was designed to keep corporate, union and large individual contributions from influencing the electoral process.
- (2) The vast majority of issue ads identified specific candidates and functioned as campaign ads.**
- (3) Both parties went to significant lengths to raise soft money, including offering access to party leaders, elected officials, and exclusive locations on federal property in exchange for large contributions. Both parties used issue ads, which were effectively indistinguishable from candidate ads and which -- unlike candidate ads -- can be paid for in part with soft (unrestricted) money, to support their candidates.**

PART 5 FINDINGS ON FUNDRAISING AND POLITICAL ACTIVITIES OF THE NATIONAL PARTIES AND ADMINISTRATIONS

Chapter 24 Overview and Legal Analysis

During the 1996 election cycle, spending by candidates, their campaign committees, political parties, other political committees and persons making independent expenditures totaled a record-breaking \$2.7 billion. Of that amount, the Democratic and Republican Parties together spent almost \$900 million, or one-third of the total. The two presidential candidates, President Clinton and Senator Dole, together spent about \$232 million, or almost 10 percent of the total.

One of the primary objectives of the Committee's investigation was to investigate allegations of improper and illegal activities associated with fundraising by both parties used to finance this campaign spending. The allegations examined include the alleged misuse of federal property and

federal employees to raise funds, the sale of access to top government officials in exchange for campaign contributions, and the circumvention of campaign spending restrictions through such devices as issue advocacy and coordination between the parties and their presidential nominees.

I. Fundraising Practices of the National Parties

Chapter 25 DNC and RNC Fundraising Practices and Problems

The Committee investigated a number of the allegations of improper conduct by the DNC during the 1996 election cycle, taking 38 days of depositions, conducting 14 interviews, receiving five days of public testimony and receiving over 450,000 pages of unredacted DNC documents. Despite repeated requests from the Minority, allegations against the RNC were not fully explored by the Committee, which took only two depositions and one day of public testimony from RNC officials limited to issues involving the National Policy Forum. Although the RNC and DNC subpoenas were virtually identical, the Committee received only 70,000 pages of RNC documents, many of which were heavily redacted. The RNC's failure to comply with the Committee's document subpoena or to make RNC officials available for depositions, prevented the Committee from learning the true scope of the Republican Party's campaign activities during the 1996 election cycle.

Based on the evidence before the Committee we make the following findings with respect to the overall fundraising practices of the national parties:

- (1) The evidence before the Committee establishes that both political parties engaged in questionable fundraising practices.** Both parties scheduled events at government buildings and promised access to top government officials as enticements for donors to attend fundraising activities or make contributions. Both parties used their presidential candidates to raise millions of dollars in soft money donations in addition to the \$150 million provided in public financing for presidential campaigns. Both parties worked with their candidates to design and broadcast issue ads intended to help their candidates' election efforts.
- (2) The RNC's activities were subject to some of the same or similar problems as the DNC's activities.** The RNC received foreign contributions, gave access to top Republican leaders for large contributions, held fundraising-related events on federal property, engaged in coordination between the Presidential campaign and the national party and used supposedly nonpartisan, tax-exempt organizations for partisan purposes.
- (3) The compliance systems of the DNC in the 1996 campaign were flawed.** Although the evidence before the Committee indicates that the DNC fundraising staff as a whole attempted to do their job in accordance with the law, isolated failures of supervision coupled with a compelling desire to raise more money led the DNC to accept hundreds of thousands of dollars in contributions it otherwise would not have accepted. Despite these

problems, the overwhelming majority of contributions received by the DNC appear to have been legal and appropriate.

(4) The position taken by the Republican Party in the 1992 and 1994 election cycles that it had no obligation to investigate contributions or contributors is troubling. The evidence before the Committee is insufficient to evaluate the compliance procedures of the RNC during the 1996 election cycle. Because the Committee did not have the full cooperation of the RNC in complying with the Committee's subpoenas and requests for information (and the Committee failed to enforce the subpoenas), the Committee failed to fully assess the RNC's practices and procedures for insuring the legality and propriety of major contributions.

II. Use of Federal Property and Contributor Access

Chapter 26 Telephone Solicitations from Federal Property

Documents produced to this Committee by both the DNC and the White House indicate that on a number of occasions the DNC requested the President and the Vice President to make telephone calls to solicit funds for the DNC. The Committee reviewed evidence, including testimony and documents relating to the circumstances surrounding these calls and analyzed the laws applicable to these calls. The Committee also investigated whether past presidents and other federal officials had made fundraising phone calls.

Based on the evidence before the Committee, we make the following findings with respect to fundraising calls made by the President, the Vice President, and past presidents and top officials:

- (1) Telephone calls made on federal property to solicit contributions from persons neither on federal property or employed by the federal government have been made by elected officials from both parties and prior administrations.**
- (2) There was nothing illegal about the one solicitation telephone call known to the Committee made by the President.**
- (3) There was nothing illegal about the solicitation telephone calls made by the Vice President.**

Chapter 27 White House Coffees and Overnights

Beginning in late 1994 and continuing through the end of the 1996 campaign, the President hosted a number of small events known as "coffees" at the White House, some of which were sponsored by the DNC Finance Division. Others were sponsored by the DNC Political Division and the Clinton campaign. The DNC and the President viewed the coffees as a means for the President to reconnect with, spread his message to, and motivate his political and financial

supporters. Over 1,000 people attended these coffees. The Committee examined these events and reviewed allegations that they included a number of persons who should not have been granted access to the President and violated federal law prohibiting the solicitation or receipt of contributions in federal buildings. The Committee also reviewed evidence on allegations that the President improperly offered overnight visits to a number of DNC contributors.

Based on the evidence before the Committee, we make the following findings regarding the White House coffees and overnights:

(1) The evidence before the Committee does not indicate that the DNC coffees at the White House violated existing law. The evidence before the Committee did not establish that anyone solicited contributions at the coffees, and, in any event, indicated that all but one of the coffees (about which the Committee heard no testimony) occurred in areas of the White House where solicitations are not prohibited by law.

(2) Affording campaign contributors access to White House events, often where the President is in attendance, has been a bipartisan practice over the years, but the DNC's use of these events, such as coffees and overnights, during the last election cycle was extensive and created an appearance of offering access to the White House in exchange for campaign contributions. There is no evidence before the Committee that the coffees or overnights were offered in return for campaign contributions.

(3) The DNC used poor judgment in permitting several persons of questionable affiliation or character to attend coffees as a favor to DNC contributors.

Chapter 28 Republican Use of Federal Property and Contributor Access

The practice of granting large contributors access to elected officials and special locations on federal property, such as the White House, is a longstanding fundraising technique that has been used by both political parties. In response to claims that practices under the Clinton Administration were "unprecedented," this Chapter examines how the Republican Party and preceding Republican Administrations have used the White House as a fundraising tool, provided access to elected officials for large contributors, and appointed large contributors to positions within the government.

Based on the evidence before the Committee, we make the following findings with respect to the offers of access by the Republican Party:

(1) In the 1996 election cycle, the Republican Party continued its longstanding practice of raising money by offering, and providing, major contributors with access to top Republican federal officials. These offers of access are central components of Republican donor programs such as Team 100 and the Republican Eagles. They started in the 1970s and continue today.

(2) Federal property has routinely been used by the Republican Party in its fundraising efforts. The RNC has hosted fundraising events on Capitol Hill, at the Bush White House, the Pentagon, and at other federal government locations.

(3) The Bush Administration rewarded major contributors with significant government positions, including ambassadorships.

Chapter 29 Democratic Contributor Access to the White House

From 1993 through 1996, the Democratic National Committee organized numerous events attended by the President, Vice President or First Lady to which it invited supporters of the Democratic Party and their guests. Many of these events were at the White House. The Committee investigated the procedures used by the White House and the DNC to assess and approve individuals invited by the DNC to attend events in the White House.

Based on the evidence before the Committee, we make the following findings with respect to Democratic contributor access to the White House:

(1) From 1993 through 1996, White House procedures for assessing and approving individuals invited by the DNC to attend events in the White House were similar to the procedures used by prior administrations, but such procedures were inadequate. The White House Office of Political Affairs relied on the DNC (and in prior administrations, the RNC) to assess the appropriateness of attendees at DNC (RNC) events at which the President was present. Unfortunately, from 1993 through 1996, the DNC did not adequately perform that function.

(2) When asked to provide information regarding the foreign policy implications arising from DNC-organized events, the National Security Council performed its function. Unfortunately, prior to 1997, the White House did not have a formal structure to adequately assess and approve all attendees at DNC events where the President was present.

Chapter 30 Roger Tamraz

Roger E. Tamraz is an American businessman involved in investment banking and international energy projects. In the mid-1990s, he sought to become a “dealmaker” in an oil pipeline project that would cross the Caspian Sea region. In the hope of obtaining U.S. Government support for his project, Tamraz used his past relationship with the Central Intelligence Agency (“CIA”), met with mid-level U.S. Government officials, and made political contributions to the Democratic Party.

The Committee's investigation focused on whether officials of the CIA, the National Security Council, the DNC, the White House, or the Department of Energy improperly promoted

Tamraz's pipeline proposal or gave him access to high-level government officials; why Tamraz was permitted to attend DNC events in the White House when staff had recommended that he not have any contact with high-level officials; and whether U.S. policy on the Caspian Sea pipeline changed as a result of Tamraz's political contributions or access to governmental officials.

Based on the evidence before the Committee, we make the following findings with respect to the matters involving Roger Tamraz:

- (1) Roger Tamraz openly bought access from both political parties.**
- (2) Tamraz's attendance at DNC events was based on his political contributions and was unwise given the warnings that he might misuse such attendance.** DNC Chairman Donald Fowler endorsed Tamraz's attendance at these events, despite early warnings from DNC staff and opposition from NSC officials and Vice President Gore's staff.
- (3) A Central Intelligence Agency official promoted Tamraz's pipeline proposal in 1995, despite knowing that the NSC opposed it.**
- (4) An Energy Department official promoted additional political access for Tamraz in 1996, despite knowing that the NSC and other officials opposed it.**
- (5) U.S. policy in the Caspian Sea was not affected by Tamraz's lobbying, political contributions, or presence at DNC-related events.** This policy was solidified in early October 1995 and did not incorporate any aspect of Tamraz's proposal.

Chapter 31 Other Contributor Access Issues

Johnny Chung, a Taiwanese-American businessman, delivered a \$50,000 check made payable to the DNC to the White House in 1995. The Committee investigated whether Margaret Williams, Chief of Staff to the First Lady, acted appropriately when she was given this check. The Committee also reviewed whether Chung's access to the White House -- over 32 visits in 1995 -- was appropriate.

Based on the evidence before the Committee, we make the following findings with respect to Chung's contributions and access:

- (1) The evidence before the Committee shows that even though Chief of Staff to the First Lady, Margaret Williams, immediately placed the contribution from Johnny Chung to the DNC in the mailbox, it would have been more prudent for her to have refused to accept the check from Chung and told him to give it directly to the DNC.**

(2) **Chung's access to the White House, which was based in part on his contributions to the Democratic Party, was excessive and inappropriate.** On one occasion Chung was permitted to bring foreign business associates to view the President's delivery of a radio address without appropriate vetting by the DNC or the White House.

III. Coordination Between the National Parties and their Candidates

Chapters 32 and 33

During the 1996 election cycle, the Democratic National Committee ("DNC") and the Republican National Committee ("RNC") coordinated issue advocacy campaigns with the Clinton campaign and the Dole for President campaign, respectively. Both presidential campaigns paid for this issue advocacy with millions of dollars in soft (non-restricted) money that the candidates themselves helped to raise.

Based on the evidence before the Committee, we make the following findings with respect to this matter:

- (1) **Both the Clinton campaign and the Dole for President campaign benefited from spending by their respective parties in excess of the spending limits applicable to presidential candidates who accept public financing.**
- (2) **Coordination of issue advocacy between the Clinton campaign and the DNC and between the Dole for President campaign and the RNC was legal under current campaign finance laws.**
- (3) **Both presidential campaigns coordinated fundraising to pay for the issue advocacy of their respective parties.**

PART 6 FINDINGS ON ALLEGATIONS OF QUID PRO QUOS

Chapter 34 Overview and Legal Analysis

Chapter 35 Hudson Casino

The Committee investigated and held a day of hearings on the Department of the Interior's decision to deny a controversial application of three Wisconsin Indian tribes to take control of land near Hudson, Wisconsin, to open a casino. Both the nearby Minnesota tribes who opposed it and the Wisconsin tribes making the application hired lobbyists who contacted various Administration officials in an attempt to influence the Interior Department's final decision. The local Hudson community and local, state and federal officials in Wisconsin from both parties

opposed the application. Both before and after Interior's decision on the application, the Minnesota tribes opposing it made significant donations to the Democratic Party.

The Committee took testimony on whether political influence affected Interior's decision, with particular focus on a conversation Interior Secretary Bruce Babbitt had with Paul Eckstein, who was a longtime friend and a former law partner of the Secretary and who had been retained as a lobbyist for the Wisconsin tribes, on the day Interior issued the decision denying the application. Eckstein testified that he tried to get the Secretary to reconsider the Department's imminent decision to deny the application, and that during that conversation Secretary Babbitt mentioned that White House Deputy Chief of Staff Harold Ickes had directed the Secretary to issue the decision. Secretary Babbitt testified that his comment to Eckstein was a general statement reflecting the fact that Ickes was Secretary Babbitt's official contact in the White House and was intended to end an awkward and lengthy conversation with Eckstein.

Based on the evidence before the Committee, we make the following findings regarding these events:

(1) The evidence before the Committee supports the conclusion that Secretary Babbitt did not act improperly with respect to the Department of Interior's decision to deny the Hudson trust application. The evidence shows that Secretary Babbitt played no role in the Hudson trust decision, that he did not hear from, or talk to, Harold Ickes about the decision, and that the Interior officials who recommended denying the trust application had no knowledge of either campaign contributions by the opposing tribes or the alleged "pressure" from the White House or the DNC to deny the trust application.

(2) However, Secretary Babbitt's actions with respect to Eckstein, his letters to Senators McCain and Thompson, and his testimony to this Committee regarding his conversations with Eckstein were unnecessarily confusing. Secretary Babbitt's letter to Senator McCain omitted the fact that Secretary Babbitt had invoked Ickes' name to Eckstein even though that allegation was at the center of Senator McCain's earlier letter to Secretary Babbitt. The Secretary's subsequent letter to Senator Thompson acknowledged that he did invoke Ickes' name with Eckstein, but said that he did so only as a means to terminate his conversation with Eckstein. Secretary Babbitt then testified to this Committee that, even though he had not spoken to Ickes about the trust application, he did not technically mislead Eckstein when invoking Ickes' name because the White House naturally wanted him to issue decisions in a timely way. These statements, when taken together, are confusing, but they are not directly inconsistent with the facts.

During the 1996 election cycle, tobacco companies contributed roughly \$8.5 million in soft money to the Republicans, much of which was raised by Haley Barbour. There are grounds for suspecting that Barbour assisted the industry in exchange for campaign money, but the Committee did not investigate these troubling allegations. .

Chapter 37 Cheyenne-Arapaho Tribes of Oklahoma

On June 17, 1996, two representatives of the Cheyenne-Arapaho Tribes of Oklahoma ("Tribes") ate lunch with the President and five other guests at the White House. Two weeks later, the Tribes donated \$87,671.74 to the Democratic National Committee ("DNC"). In August 1996, they contributed an additional \$20,000 to the party.

The Committee investigated allegations that the DNC solicited \$100,000 from a politically naive and poor Native American tribe; improperly granted tribal members access to the President of the United States; and illegally promised the return of historic tribal lands currently used by the federal government in a quid pro quo exchange for a contribution from the Tribes' "welfare" fund.

Although no public hearings were held regarding the Tribes and their contributions to the DNC, the Committee conducted interviews and depositions of witnesses, as well as a review of numerous documents.

Based on the evidence before the Committee, we make the following findings regarding these events:

(1) No arrangement existed, or was ever contemplated, between the Cheyenne-Arapaho Tribes of Oklahoma and the Democratic National Committee or the Administration to return tribal lands held by the federal government to the Tribes in exchange for a political contribution to the DNC.

(2) The evidence before the Committee supports the conclusion that the DNC and the Administration acted properly and legally throughout the course of their dealings with the Tribes.

PART 7 FINDINGS ON INVESTIGATION PROCESSES

Chapters 38 - 41

Senate Resolution 39 directed the Senate Governmental Affairs Committee to conduct an investigation of illegal or improper activities in connection with the 1996 Federal election campaigns. By the specific terms of this resolution, the Committee was not to limit its investigation to the activities of only one political party or only one branch of government, but was to investigate and inform the public about the full nature of the problems associated with the

last election cycle, regardless of the party with which those problems were associated.

We make the following findings regarding the process by which the Committee conducted this investigation:

(1) The Committee's investigation was not bipartisan. The Committee's investigation focused predominantly on persons and entities associated with the Democratic Party. The Majority devoted virtually no resources to exploring a variety of serious allegations against those affiliated with the Republican Party. Moreover, it refused to issue or enforce many of the Minority-requested subpoenas related to the Committee's mandate, simply because those subpoenas sought information from Republican-related persons and entities. When the Minority accumulated substantial evidence of Republican wrongdoing despite these significant limitations, the Majority refused to schedule hearings to allow for the public airing of this information. As a result, virtually all of the Majority's investigatory resources and Committee hearings focused upon activities involving the Democratic Party and its associates.

(2) Although the Committee's investigation provided insight on the serious shortcomings in our campaign finance system, the failure to fully and impartially investigate wrongdoing in the 1996 federal elections, regardless of party, kept the Committee from fulfilling its mandate and eliminated the ability to produce a bipartisan report. The Committee's hearings did make a contribution to the public's understanding of the ways in which money influenced the 1996 elections. As a consequence of the investigation's partisanship, the Committee cannot credibly claim that it offered the American people a complete picture of the illegal or improper activity that occurred during the 1996 federal elections. The Committee virtually ignored at least half of the story of those elections, and the partisan framework in which it presented and interpreted the evidence it did uncover diminishes the Committee's ultimate findings and conclusions.

(3) The Committee's failure to pursue enforcement actions against those who failed to comply with the Committee's subpoenas threatens to have lasting impact on the success and credibility of future Senate investigations. The Committee's acceptance of the refusal of groups and individuals to comply with the Committee's subpoenas will make objective investigations in the future much more difficult by emboldening persons and entities to ignore future Senate subpoenas.

(4) The DNC made a good faith effort to comply with Committee requests. To this end, the Committee conducted 38 days of depositions, 14 interviews, and five days of public hearings of DNC witnesses. The DNC also produced over 450,000 pages of documents and hired over 30 additional staff to review and prepare documents for production to the Committee.

(5) The RNC impeded the investigation. The RNC unilaterally redacted documents and appears to have intentionally withheld material documents. RNC witnesses failed to cooperate in scheduling depositions, and, in the instances where depositions were scheduled, they were unilaterally canceled.

(6) Entities supportive of the Republican party impeded the investigation. Entities including the National Policy Forum, Americans for Tax Reform, and Triad intentionally impeded the investigation by failing to produce documents and witnesses under subpoena.

(7) The White House Counsel's Office took appropriate and reasonable steps to discover the existence of responsive videotapes in response to the Committee's April 1997 document request. There is no evidence before the Committee to suggest that the White House Counsel's Office intended to obstruct the work of the Committee.

(8) The evidence before the Committee is conclusive, based on exhaustive technical analysis, that none of the videotapes or audiotapes produced by the White House to the Committee have been altered in any way.